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MEMORANDUM

TO: BOSTON REDEVELOPMENT AUTHORITY AND
STEPHEN COYLE, DIRECTOR

FROM: JOSEPH NOONAN, ASSISTANT DIRECTOR FOR
ADMINISTRATION AND FINANCE

SUBJECT: BUDGET APPROVAL FOR FISCAL YEAR 1992

EXECUTIVE SUMMARY:

Herewith is submitted the FY92 Budget which includes the FY92 Operating Budget, the Work Program and the Capital Budget. This plan and budget are designed to allocate adequate resources for the attainment of the key policy objectives.

The Work Program presents in detail the programs which the BRA will work on during FY92 and the responsibilities of each of the operating departments. The programs include expanding the tax base through economic growth, master planning and zoning, affordable housing production, downtown development and revitalizing Boston's waterfront.

The capital budget tracks the reduction of projects from 83 in 1989 to 22 this year. Of the 22, seven are nearly complete. The coming year will see the continued completion of projects. The current program of \$25 million in construction will produce 450 jobs.

WORK PROGRAM: KEY INITIATIVES

Massachusetts has been in a deep recession since 1989. Boston is sharing in the general economic downturn, and a strategy for recovery and growth of the Boston economy is the centerpiece of the FY92 work program of the BRA. Expanding the City's tax base is necessary as federal cutbacks and reductions in state aid threaten vital services. As a result, the policy goals of the BRA have been revised in a way which focuses upon the industries in which there will be continued growth during the next five years.

Since 1984, construction development has added well over \$85 million to Boston's annual property tax revenue, more than double the total taxes billed

to all single-family homes in the city, and double the taxes paid by all industrial property in the city.

Economic development and expansion of the city's tax base is continuing. Nearly a billion dollars' worth of investment is going into major Boston private and public development projects expected to begin construction by the end of 1992. These projects will create over 5,000 construction jobs and an equal number of permanent ones. This does not count the large pipeline of public infrastructure investment which will increase the City economy's capacity to grow.

1. PROMOTING ECONOMIC DEVELOPMENT PROJECTS IN DOWNTOWN, THE WATERFRONT/CHARLESTOWN NAVY YARD, AND THE GREATER DUDLEY AREA

The major economic development projects which the BRA promotes, both publicly and privately developed and financed, are the engines which drive economic growth in the City. Among the most important projects are the following:

- o In Downtown, the first part of the Prudential Center's multi-phased office, housing and retail development is going forward already. The South Station Technopolis, which will combine medical research space with office development and a parking garage, will moving forward with the construction of a new MBTA bus terminal. The Custom House and the adjacent Board of Trade Building will be rehabilitated into a single first-class hotel property with 340 total rooms, and the BRA will help the owners of Lafayette Place to stabilize, redesign and redevelop the mall and hotel complex.
- o On the Waterfront and in the Navy Yard, the BRA will work towards implementation of the newly-approved Master Plan for the Charlestown Navy Yard, with its relocated New England Aquarium at Drydock 5, biomedical research center, 400 room hotel, and 300 housing units. The building of a new Federal Courthouse on Fan Pier in South Boston, combined with a transit line connecting this area to South Station, will open up the South Boston piers for major new development. First will be the World Trade Center's expansion, including a new hotel.
- o Key sites such as Ruggles Center, Dudley and Boston State will be the focus of the BRA's efforts to revitalize the potential of the Southwest Corridor neighborhoods. In FY92, the Ruggles Center mixed-used project will break ground and move forward, with the Registry of Motor Vehicles committed to be the major tenant. Phase I of the project consists of an office building of approximately 200,000 square feet, a public plaza, and the construction of a parking garage with 860 spaces. Planning to develop a supermarket along the Southwest Corridor also is underway, as is the

design of the New Dudley Street Phase II project connecting the Southwest Corridor to Dudley Square.

2. ENCOURAGING EXPANSION OF BOSTON'S BIOMEDICAL RESEARCH INDUSTRY AND PLANNING FOR APPROPRIATE INSTITUTIONAL EXPANSION

Boston is the nation's leading center for health research. The City's medical research institutions received over \$450 million in federal National Institutes of Health grants last year. New projects like Olmsted Plaza, the Charlestown Navy Yard Research Center, and the South Station Technopolis will help this new economy flourish. These key developments will give private firms the opportunity to work side-by-side with some of the world's best scientists and doctors at the institutions.

Boston's medical and educational institutions themselves will pursue a large pipeline of development construction projects. In just the next 5 years a number of major projects are expected to go forward, representing an investment of nearly \$2 billion. This includes a range of uses such as hospital clinical facilities, research laboratories, university dormitories, classrooms and sports facilities. In addition to this will be spin-off private construction for biotechnology and other companies. The BRA is encouraging Genzyme, one of the state's leading biotechnology companies, to locate its main manufacturing facility and executive center at Allston Landing.

In FY92, several major institutional development projects approved by the BRA will be proceeding to construction. They include Olmsted Plaza, the conversion of the former Sears, Roebuck and Company warehouse to offices, R & D labs, and retail space in the Fenway; the \$72 million first phase of the South End Technology Square (SETSA) project with 180,000 square feet of medical research space; the Massachusetts General Hospital In-Patient Tower II project; the Clinical Support Facility of the Brigham and Women's Hospital; and a new replacement clinical facility for the Shriners Burns Institute.

In FY92, the BRA will also study the feasibility of the proposed "Bioscience Line," a transit line connecting the major medical and scientific research and development centers. The employment centers in this circumferential loop around the downtown are expected to gain nearly 40,000 jobs over the next 15 years as the biomedical and scientific research, development and manufacturing economies grow.

3. CONTINUING HOUSING PRODUCTION AND AFFORDABILITY

The City built nearly 6,000 units of affordable housing between 1984 and 1990, with \$33 million in housing linkage contributing to many of the projects. On BRA land alone, \$17.3 million of linkage money was used in 58 completed housing projects with a total development cost of \$567 million. These projects have a total of 2,756 units, with 1,344 of them affordable to working families.

Although the surge in office building development will not return for several years, Boston is the nation's only city that requires Linkage for institutional projects, which are continuing to go forward. The estimated \$2 billion worth of institutional projects that will go forward in the next 5 years will contribute nearly \$20 million in housing linkage and \$4 million in jobs linkage.

In FY91 the BRA achieved several major milestones in creating affordable housing. These include the completion of several projects under the South End Neighborhood Housing Initiative -- Taino Tower, Langham Court, Roxbury Corners and Parmalee Court -- and the start of Building 150 in the Navy Yard.

Major housing initiatives for FY92 include: developing affordable housing at Lowell Square; securing funds for Washington Court and the Helen Morton Family Center in the South End, to create 88 units of housing-- 36 of them to be used as transitional housing for homeless women and children-- and a day care/social services center; beginning construction of 97 units of new housing and community facilities at Oak Street in Chinatown and a 46-unit low and moderate income elderly housing development at Building 104 in the Charlestown Navy Yard.

Completion of the FY92 program will bring to more than 3,000 the number of housing units constructed on BRA property since 1984. When the old urban renewal land inventory is fully developed, more than 4,000 units will have been built. Given current market conditions, it is anticipated this program will require until 1995 to complete.

4. MONITORING THE CONSTRUCTION OF PUBLIC INFRASTRUCTURE MEGAPROJECTS AND STATE AND FEDERAL TRANSPORTATION PLANNING

State infrastructure investment and City capital plan projects going on during FY92 include the Central Artery depression and Third Harbor Tunnel, the Boston Harbor clean-up, North Station Garage, Boston City Hospital rebuilding, reconstruction of state roads and bridges, Logan Airport modernization, and public schools and State buildings. Over the next 10 years, these and related public capital expenditures will total more than \$12 billion, and will modernize and improve the infrastructure of the City and State and its capacity to support and encourage growth.

The construction of these projects will provide a needed countercyclical boost to the City's economy. Over the next 10 years, capital projects in Boston are estimated to create nearly 60,000 full-time-equivalent jobs, or an average of 6,000 per year, with a total payroll over the decade of \$2.7 billion in 1991 dollars. The full economic impact, with these wages spent in area stores and service establishments, will be much greater.

Monitoring the Third Harbor Tunnel and Central Artery projects will ensure that infrastructure consequences and environmental impacts have a minimal negative effect on Boston and its neighborhoods. The City's Central Artery Plan and Zoning has established guidelines for the creation of a series of new parks and housing and limited development over the proposed artery tunnel.

5. COMPLETING THE REZONING OF BOSTON'S NEIGHBORHOODS AND DOWNTOWN

As the City's planning agency, the BRA has primary responsibility to manage the delicate balance between the need for growth and the preservation of neighborhoods and the quality of life in Boston's community. This balance can be achieved by developing zoning regulations, which permit growth while preserving quality of life.

In FY92, the BRA will continue its neighborhood-based planning efforts, including completion of permanent zoning regulations and neighborhood plans to be reviewed by the BRA Board and Zoning Commission, for Dorchester Avenue, East Boston, Jamaica Plain, and West Roxbury, and completion of interim zoning and plans for Mattapan, Mission Hill, and Charlestown.

Nearly all of the Plan for Downtown Boston is complete, with Government Center, Cambridge Street, Bulfinch Triangle, and Central Artery plans completed during FY91. In FY92, a plan and zoning regulations will be completed for the Financial District, thereby completing the district-by-district rezoning of downtown Boston.

The Boston 2000 planning initiative began in 1991 with the Central Artery Plan, the Charlestown Navy Yard Master Plan, the Municipal Harbor Plan, and the Fort Point District Plan. In FY92, the BRA will complete plans for the downtown, waterfront, and key neighborhood centers.

With the completion of the downtown rezoning, the policies established in the "Plan to Manage Growth" will have been instituted. The next phase will be development of a comprehensive plan to guide growth in the 1990s and beyond. The Plan for Boston, comprising initiatives for revitalizing the harbor and other underutilized areas, expanding medical research and biotechnology, building affordable housing, improving the City's infrastructure, and diversifying and stabilizing Boston's economy, will be the City's guide to future growth.

CAPITAL BUDGET

This review of the Capital Improvement Projects Program was undertaken by the Boston Redevelopment Authority and written in September, 1991. Of particular significance in assessing the Authority's success in these capital

improvements projects is the fact that during the past fiscal year, seven projects progressed to the construction phase. Of the ten projects now under construction, seven will be closed out before the end of calendar year 1991. Added to these achievements is the successful completion of the Authority's most elaborate and visible capital improvement project, the reconstruction of Copley Square Park. Moreover, the entire scope of the Authority's capital improvements program has been greatly reduced from recent years. This report outlining the Authority's capital improvement program for fiscal year 1992 identifies twenty-two projects, ranging in status from under construction to program development. A similar report done for fiscal year 1989, only three years ago, identified eighty capital improvement projects in their various stages. Even more important is the fact that those projects now in the planning and program development stages - the Custom House, Ruggles Center/ Parcel 18, Medford Street and others - tend to focus upon the use of capital improvement funds to stimulate and complement the goals of economic revitalization and growth. The review classifies each project according to its status from inception to completion. The Authority's program of over \$25,400,000 in current, authorized and planned Capital Improvements will create approximately 450 jobs and represents a continuing commitment to the economic vitality and the quality of life in Boston and its neighborhoods.

THE OPERATING BUDGET

The BRA's FY92 operating budget allocates resources to achieve the agency's vital policy goals in the coming year. Since 1989, the BRA has begun a variety of cost control programs and scheduled staff reductions. The result has enabled the BRA to respond to the changing fiscal realities of the 1990s. This year's budget continues that trend toward reductions in staff and expenditures. It provides the resources necessary to carry out the initiatives established by the Mayor, the BRA Board and the community with a twenty percent reduction from FY91 expenditure levels.

Reductions in the workforce will continue in FY92 and FY93. In FY91, the BRA reduced its workforce through attrition and incentive programs to 219, a 12% reduction from FY90 levels. In FY92, the BRA will reduce staff to 197, a 10% reduction from FY91. This will be a total reduction of 37% from FY88 levels. The BRA will consolidate additional space for further savings in FY92.

The FY1992 Budget is the fifth consecutive year for which no City appropriation will be required. The budget, at \$15.523 million, is \$3.4 million less, or an 18% reduction, from the 1991 budget. Personnel expense, administrative expense and occupancy costs are each reduced, with a \$1.6 million reduction in personnel expenses, a \$77,000 reduction in administrative expense, and a \$385,000 reduction in occupancy costs. Contractual services are reduced 35% to reflect improved staff capacities, outside legal services are reduced 33%, following a 31% reduction in FY91, and outside technical services are reduced 23%.

While cost cutting and fiscal restraint will be exercised, the FY92 budget provides resources necessary to achieve the key policy initiatives described in the program overview. Direct support for City agencies will continue, at a level of \$225,000.

Appropriate votes follow:

VOTED: That the Fiscal Year 1992 Operating Budget is approved in the amount of \$15,523,000.